

COLORADO SECURE SAVINGS PLAN BOARD RECOMMENDS:

- 1 Create a state Auto IRA Program
- 2 Adopt a statewide coordinated approach to financial education

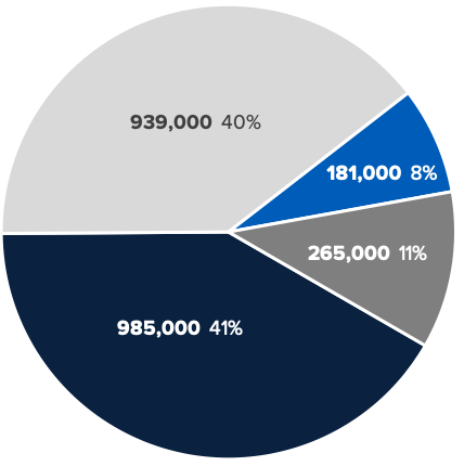


More than **40% of the state's workforce** does not have access to a retirement savings account or plan at work.

What Is an Auto IRA?

Auto IRA programs provide work-based access to retirement savings:

- 1. Automatic enrollment with opt out
- 2. Contributions by payroll deduction
- 3. Using IRAs – portable and tax advantaged
- 4. Simple, inexpensive investments
- 5. Flexible – savings, investments, participation



Colorado's Workforce of 2.37 million people¹

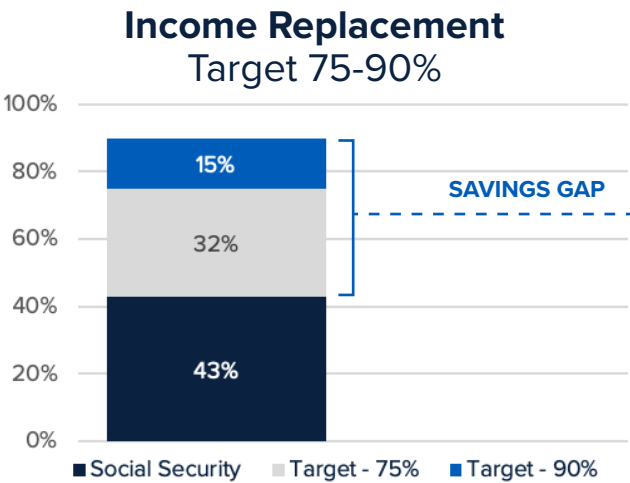
- Covered by Plan at Work
- No Plan
- Self-employed
- Not included in plan at work

¹Excludes government workforce

- 1. Targeting uncovered Coloradans
- 2. 939,000 work for an employer who does not offer a plan
- 3. Many other workers are not covered because they work part time
- 4. Without work-based access only a few start saving for retirement

Who are they?

- More likely to be employed in services jobs, construction, raw materials industries
- More likely to work for a small employer
- More likely to earn less, somewhat more likely to experience job transition
- Have the same or even a higher need to save than covered workers



Workers need 75-90% of earnings in retirement; lower income workers may have less financial flexibility and need closer to 90%. Note: individual circumstances vary.

About **\$1,200 a year**

Savings required to close retirement savings gap over 30 years

Auto IRAs can also help bridge the gap to Social Security's Full Retirement Age, increasing lifetime retirement income.

Retirement Sufficiency –
A modest level of savings would significantly increase retirement sufficiency in the state. The Board has determined that a Retirement Marketplace will not increase retirement sufficiency.

THE COST OF DOING NOTHING

State Expenditures and Revenue Impact

Colorado faces a significant fiscal impact to state, local and federal revenue and expenditures over the next 15 years.

Cumulative Impact (2021-2035)

\$10 Billion

State and Local Impact

\$18 Billion

Combined State, Local, and Federal Impact

Feasibility and Suitability

The recommended program would be launched in partnership with private sector providers for program administration, investments, and other essential services.

1. Low cost for savers
2. Cost neutral to the state after initial startup
3. Significant financial benefit to the state over time
4. Services provided by public/private partnership

Workers with access to a workplace retirement plan are 15 times more likely to save.

I've just always believed that... you've got to do right by your staff.

I think it'd be a good thing because it gives the people the chance wherever they're working... to start saving."

What Employers Say

Despite interest and good intentions, many employers fail to start or provide retirement saving plans for their workers. An Auto IRA Program provides workers with the opportunity to save and requires minimal effort from employers.

"(The biggest barrier to offering retirement) is the administrative piece of it is just too much for me right now."

"It's hard to find the time with all we have to manage as owners, and we can't afford the cost."

The program will coordinate with existing organizations to increase financial education and awareness in the state, alongside the new Auto IRA.



For more, please see the Board's Report:

Recommendations to Increase Retirement Savings in Colorado (February 2020)